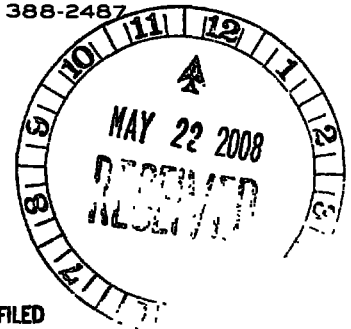


NATIONAL RAILWAY EQUIPMENT CO.



HOME OFFICE: 14400 S ROBEY STREET P O BOX 2270 DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 FAX (708) 388-2487

May 20, 2008



Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

RECORDATION NO. 27510 FILED

MAY 22 '08

3-15 PM

SURFACE TRANSPORTATION BOARD

Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original and one counterpart of the memorandum of lease agreement and the schedule of equipment for a locomotive lease agreement dated January 23, 2008, a primary document under the Board's recordation regulations.

The names and addresses of the parties to the enclosed document are as follows:

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Nova Chemicals Corporation
P.O. Box 5006
Red Deer, Alberta T4N 6A1

A description of the equipment covered by the Lease Agreement is as follows:

NREX 1560 MP15 AC EMD Switcher Locomotive

A short summary of the document to appear in the index is as follows:

'Locomotive Lease Agreement'

Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

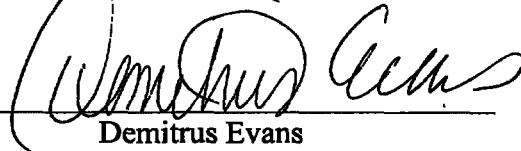
Please date-stamp and return an original copy after recordation to:

Demitrus Evans
National Railway Equipment Co.
14400 South Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Sincerely Yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: _____

A handwritten signature in cursive script, appearing to read "Demitrus Evans", written over a horizontal line.

Demitrus Evans

MAY 22 '08

3-15 PM

LOCOMOTIVE LEASE AGREEMENT

SURFACE TRANSPORTATION BOARD

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease"), entered into as of this 23rd day of January 2008, between the National Railway Equipment Co., an Illinois corporation, ("LESSOR"), and NOVA Chemicals Corporation, ("LESSEE").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:**1. LEASE AND LEASED PROPERTY**

Lessee hereby leases from Lessor, the locomotive, ("Locomotive" or "locomotive"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. TERM

The term of this Lease for the locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such locomotive is accepted by Lessee ("Commencement Date"). In the event of default of the lease, Lessee shall affect prompt delivery of the locomotive to Lessor at its Dixmoor, Illinois manufacturing facility.

3. RENTAL

A. The rental payable shall be the sum identified in Schedule "A" payable in advance monthly installments, with one month of advance rent payable upon purchase order receipt date and, in addition, one month of advance payment to be held as a security deposit. Lessee shall operate such locomotive in service on its railroad. If the Commencement Date for any locomotive does not fall on the first day of the month, the first rental payment shall be prorated accordingly.

B. Payments past due for more than five (5) days shall bear interest at the rate of twelve percent (12%) per annum.

C. All rentals shall be paid to Lessor at:

National Railway Equipment Co.
1473 Paysphere Circle
Chicago, IL 60674

or at such other address as Lessor may direct in writing.

4. TAXES

Lessee shall pay all use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the locomotive, or the use, registration, rental, maintenance, possession or operation thereof, and shall file any returns required therefor, and shall hold Lessor harmless against any liability and expense (including attorney fees and costs) on account of Lessee's failure to do the same.

5. OWNERSHIP AND LESSOR'S INSPECTION

- A. The locomotive shall at all times remain the sole and exclusive property of the Lessor.
- B. Upon reasonable notice to Lessee, Lessor or its agents shall have free access to the locomotive at reasonable times for the purpose of inspections.
- C. No accessions, additions, alterations or improvements to the locomotive of any nature shall be made without Lessor's consent, but if any are made, they immediately shall become part of the locomotive and shall become Lessor's property.
- D. Lessee shall keep the locomotive, at all times, free and clear from all claims, liens and encumbrances.
- E. This Lease is intended to be a true lease of the locomotive and shall be not be construed as creating a sale of the locomotive to Lessee.

6. DELIVERY/RETURN

Lessee shall accept delivery of the locomotive at Lessor's manufacturing facility in Paducah, Kentucky. The lease billable days shall commence upon ex-works shipment of the locomotive at Lessor's manufacturing facility and shall cease upon the return date of locomotive to the Lessor at its manufacturing facility in Dixmoor, Illinois; i.e., this document is a portal to portal locomotive lease agreement. In the event of default, as set forth in Articles 11 and 12, Lessee shall return such locomotive to Lessor at its Dixmoor, Illinois manufacturing facility ("Inspection Location") in good order and condition, reasonable wear and tear excepted. Lessee shall bear freight outgoing and return costs. Lessee shall pay or reimburse Lessor for any reasonable and ordinary expenses incurred by Lessor in returning the locomotive to good order and condition, in delivering the locomotive to Lessor or affecting return of the locomotive from Lessee as provided herein. All obligations of Lessee under this Lease shall continue with respect to any locomotive not returned by the expiration or earlier termination as permitted herein until such locomotive is returned to the Dixmoor, Illinois, including, without limitation, the obligation to pay rent, which shall increase to 125% of such existing Lease Rate in Exhibit A for the first 45 days the locomotive is late and to 150% of such existing Lease Rate thereafter if the locomotive is not returned and accepted by Lessor at Lessor's manufacturing facility in Dixmoor, Illinois on/or before the expiration term of the Agreement as identified in Schedule A.

7. LESSEE'S INSPECTION/WARRANTY DISCLAIMER

- A.
 - i. Lessee hereby acknowledges that Lessee has had or will have the opportunity to inspect the locomotive prior to accepting delivery of same, and that acceptance of delivery of the locomotive by Lessee constitutes acknowledgment that the locomotive has been received in good condition and repair.
 - ii. Lessor shall not be responsible for any repairs or any maintenance of the locomotive during the term of this Lease.

B. Delivery to and acceptance of the locomotive by, and execution of a Schedule with respect thereto by Lessee shall constitute Lessee's acknowledgment that the locomotive is of the manufacture, design and utility, quality and capacity selected by the Lessee, that Lessee is satisfied that the same is suitable for Lessee's purpose. **LESSOR MAKES NO REPRESENTATION OR**

WARRANTY EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE LOCOMOTIVE, and Lessor hereby disclaims all such representation and warranties. LESSOR SHALL NOT BE RESPONSIBLE FOR ANY CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES.

8. USE AND MAINTENANCE

Lessee agrees that:

A. Lessee shall be responsible and pay for all registrations, certificates, and permits, and all other similar requirements of governmental authorities, whether required to be obtained in the name of the Lessor or Lessee.

B. The locomotive shall be used and operated only by properly qualified, trained and registered personnel authorized by Lessee.

C. Lessee shall comply with all federal, state, municipal and local laws, ordinances, and rules, and regulations relating to the lease, possession, insuring, use and operation of the locomotive.

D. Lessee shall be solely responsible for the payment of any and all fines, penalties or forfeitures (including without limitation the confiscation of the locomotive) levied upon or arising out of the use, operation, maintenance or insuring of the locomotive in violation of any law, ordinance, rule or regulation of any governmental authority.

E. Lessee shall pay all costs, expenses and charges incurred in connection with the routine maintenance, lease, use and operation of the locomotive.

F. Lessee shall maintain the locomotive in good mechanical condition and running order and in compliance with OEM specifications and safety rules and regulations now or hereafter promulgated by applicable governmental authorities.

G. Lessee shall keep and maintain any and all books and records and make any filings required by any governmental authority with respect to the possession, lease, use or operation of the locomotive.

9. INSURANCE/INDEMNIFICATION

A. The Lessee will at all times during the term of the Agreement, at its own expense, cause to be carried and maintained insurance in respect of the Locomotives in the full value described in Schedule A. Lessee shall have the right to be self insured with respect to the requirements of this paragraph.

B. Lessee shall furnish Lessor with a certificate(s) of insurance or other evidence of said insurance coverage.

C. Notwithstanding that Lessee shall provide certain insurance hereunder and irrespective of any responsibility for negligence, Lessee does hereby agree to defend, indemnify, protect and hold harmless Lessor and any assignees or successors of Lessor, and their respective employees and agents, from and against any and all losses, liabilities (including without limitation strict liability

imposed by law), damages, injuries, claims, demands and expenses (including legal expenses) of whatsoever kind and nature, resulting from or arising out of the use, condition, operation or ownership of any Locomotive. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this lease or the termination of the lease of any Locomotive.

D. Lessee assumes and agrees to indemnify, protect and hold free and harmless Lessor, any assignee or successor of Lessor, and their respective employees or agents, irrespective of any responsibility for negligence, from any loss, damage, theft or destruction of any locomotive. In the event of damage to a Locomotive, Lessee shall immediately place the same in good repair (ordinary wear and tear excepted). If Lessor, in the exercise of its reasonable judgment, determines that any item of Equipment is lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of a Locomotive, Lessee shall (at Lessee's option provided Lessee is not then in default under the Lease) (i) replace such locomotive with substantially similar equipment of equal or greater value and in good repair and transfer title thereto to Lessor free and clear of any all liens, claims and encumbrances of any kind or nature whatsoever, or (ii) pay Lessor in cash the sum of (a) any installments of rent and other amounts payable by Lessee hereunder with respect to such item due but unpaid at the date of such payment plus (b) the Replacement Value of such Locomotive determined in accordance with Schedule A. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the basic rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer.

10. ASSIGNMENT. THIS LEASE HAS BEEN COLLATERALLY ASSIGNED BY LESSOR TO LASALLE BANK NATIONAL ASSOCIATION (the "Bank"). Lessee expressly agrees that Lessor shall remain liable under this Lease to perform all of the conditions and obligations provided herein to be observed and performed by it, and neither the collateral assignment of this Lease to Bank by Lessor nor any action taken pursuant to such assignment shall cause Bank to be under any obligation or liability in any respect to any party to this Lease, including, without limitation, Lessee, for the performance or observance of any of the representations, warranties, conditions, covenants, agreements or other terms of this Lease. Notwithstanding any provision to the contrary herein, this Lease may not be amended or modified without the prior written consent of Bank. Lessee will not sell, assign, sublet or otherwise encumber or permit a lien arising through Lessee to exist on or against any interest in this Lease or the Locomotive.

11. DEFAULT

A. Lessee shall be in default under this Lease upon the happening of any of the following events or conditions ("Event of Default"):

i. Default in the payment when due of any installment of rental hereunder or of any other obligation for the payment of money now or hereafter owed by Lessee to Lessor, provided that such default has not been remedied with in four days of written notice.

ii. Default in the timely performance of any other liability, obligation, covenant or agreement hereunder of Lessee, provided that such default has not been remedied with in fourteen days of receipt of written notice, however, written notice shall not be required if

such default: (1) affects Lessor's title to the locomotive or (2) concerns Lessee's obligations pursuant to Article 6.

12. REMEDIES UPON DEFAULT

A. Upon the occurrence of any Event of Default or at any time hereafter, Lessor, in its sole discretion, may take any one or more of the following actions with respect to the locomotive:

- i. Declare all unpaid amounts of rental to be immediately due and payable.
- ii. Terminate the lease of any or all locomotive by written notice to Lessee.
- iii. Whether or not the lease is terminated, take possession of any or all locomotive wherever found, and for this purpose Lessor may at Lessor's option enter upon the premises during Lessee's normal business hours where such locomotive are located and take immediate possession of and remove the same,.
- iv. Require that Lessee shall, upon written demand by Lessor and at Lessee's expense, promptly make available to Lessor at Lessee's expense, any or all Equipment at places designated by Lessor, which is reasonably convenient to both parties.
- v. Use, hold, sell, lease or otherwise dispose of any or all such locomotive as Lessor in its sole discretion may decide, without affecting the obligations of Lessee as provided in this Lease.
- vi. Sell or lease any or all locomotive, at public or private sales or proceedings, at such time or times and upon such terms as Lessor may determine, free and clear of any rights of Lessee and, if notice thereof is required by applicable law, any notice in writing of any such sale or Lease by Lessor to Lessee not less than five (5) days prior to the date thereof shall constitute reasonable notice to Lessee.
- vii. Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof or to rescind the lease hereunder of any or all locomotive.
- viii. Exercise any and all rights and remedies available to Lessor under any applicable law. In addition, Lessee shall be charged with and shall pay to Lessor all reasonable costs and expenses of Lessor incurred as a result of each Event of Default by Lessee.

B. None of the rights and remedies under or referred to in this paragraph is intended to be exclusive, but each such right or remedy shall as to each locomotive be cumulative and may be availed of separately or concurrently with or in addition to any other right or remedy provided or referred to herein or otherwise available to Lessor at law or in equity. Any repossession or subsequent sale or lease by Lessor of any locomotive shall not bar an action against lessee for a deficiency. To the extent permitted by applicable law, **LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF EQUIPMENT BY LESSOR AS A RESULT OF ANY EVENT OF DEFAULT HEREUNDER BY LESSEE.**

C. Without limitation of any rights of Lessor otherwise existing or otherwise available to Lessor, it is expressly covenanted and agreed by the parties hereto that in the event of any

assignment by operation of law of this Lease or of any lease hereunder, or of a bankruptcy of Lessee within the meaning of the Federal Bankruptcy Act, then Lessor may, at Lessor's election, terminate this Lease or any one or more leases hereunder.

13. RECORDATION OF LESSOR'S INTEREST

Lessee agrees to execute all recording documents requested by Lessor to show Lessor's interest in the locomotive.

14. MISCELLANEOUS

A. This Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

B. Neither this Lease nor any schedule shall be amended, and no provision hereof or of any Schedule shall be waived or varied unless by a writing signed by the parties.

C. No delay or omission by Lessor in exercising any right hereunder shall operate as a waiver of such right or any other right. A waiver by Lessor of any Event of Default by Lessee shall not be construed as a waiver of any future occasion.

D. In case any provision (or portions thereof) in this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or portions thereof) hereby shall not in any way be affected or impaired thereby.

E. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors.

F. All notices permitted or required to be given pursuant to this Lease shall be mailed by Certified or Registered Mail, Return Receipt Requested to the parties at the following addresses or at such other addresses as each party may notify the other.

If to Lessor: National Railway Equipment Co.
14400 S. Robey
Dixmoor, Illinois 60426

If to Lessee: NOVA Chemicals Corporation
P.O. Box 5006
Red Deer, Alberta T4N 6A1

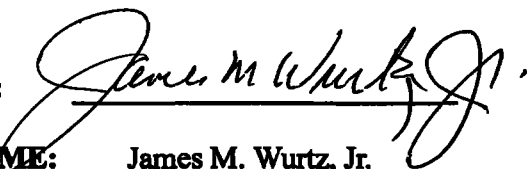
WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

LESSOR:

LESSEE:

NATIONAL RAILWAY EQUIPMENT
CO.

NOVA CHEMICALS CORPORATION

BY: 

NAME: James M. Wurtz, Jr.

TITLE: Vice President

BY: 

NAME: Ray Wasdal
Director, Purchasing & Supply MW
NOVA Chemicals Corporation

TITLE: Director, Purchasing & Supply MW
NOVA Chemicals Corporation

ATTEST: Robert E. Loewer, Jr.

BY: 

TITLE: Director of Finance

ATTEST:

BY: 

TITLE: Rail Team Leader

(Corporate Seal)

(Corporate Seal)

SCHEDULE "A"

Attached to and incorporated into the Lease dated the 23rd day of January 2008 by and between the National Railway Equipment Co. (LESSOR) and NOVA Chemicals Corporation (LESSEE).

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 1560	MP15 AC	EMD Switcher Locomotive
REPLACEMENT VALUE	LEASE TERM	LEASE RATE PER LOCOMOTIVE <u>MONTHLY</u> <u>DAILY</u>

INTENTIONAL DELETION

RENEWAL RATE AND TERM: At the end of the 180-365 day initial lease term, Lessee may elect to renew the lease for not less than 90 days at a daily lease rate of \$425.00 per day per locomotive.

Delivery transportation costs of the locomotive from and to Lessor's manufacturing facilities in Kentucky and Illinois shall be to the account of the Lessee.

COMMENCEMENT DATE: Upon ex-works shipment of the locomotive from Lessor's manufacturing facility in Paducah, Kentucky.

Lessee agrees to pay the first month of rent with the execution of the Locomotive Lease Agreement and, in addition, one month of advance payment to be held as a security deposit for the locomotive.

In the event Lessee elects to procure one or more new N-ViroMotive units from Lessor within thirty days of the signing date of this Locomotive Lease Agreement, subject lease payments will be credited in the amount of 70% against the purchase price of the N-ViroMotive unit(s) throughout the MP15 AC lease term but not to include for credit the lease period after the N-ViroMotive unit(s) is delivered to the Lessee's project site in Joffre, Alberta and subsequently commissioned for use.

LESSOR: NATIONAL RAILWAY EQUIPMENT CO.

BY: 

NAME: James M. Wurtz, Jr.

TITLE: Vice President

LESSEE: NOVA CHEMICALS CORPORATION

BY: 

NAME: Ray Wasdal
Director, Purchasing & Supply MW
NOVA Chemicals Corporation